

2007-2008 PERFORMANCE PLAN – Sr. Portfolio Manager / Real Estate (R. Pottle)

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Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
5%	Core Industrial Sector Performance	Excess returns in basis points of the Total Core Industrial Portfolio return before fees versus the Disaggregated NCREIF Industrial Sub-Index, for the fiscal year ending June 30, 2008, (returns lag one quarter).	0 basis points = 0 +50 basis points = 1.0 +75 basis points = 1.5
5%	Core Office Sector Performance	Excess returns in basis points of the Total Core Office Portfolio return before fees versus the Disaggregated NCREIF Office Sub-Index, for the fiscal year ending June 30, 2008, (returns lag one quarter).	0 basis points = 0 +50 basis points = 1.0 +75 basis points = 1.5
5%	Core Retail Sector Performance	Excess returns in basis points of the Total Core Retail Portfolio return before fees versus the Disaggregated NCREIF Core Retail Sub-Index, for the fiscal year ending June 30, 2008, (returns lag one quarter).	0 basis points = 0 +50 basis points = 1.0 +75 basis points = 1.5
5%	Core Multi-Family Sector Performance	Excess returns in basis points of the Total Core Multi-Family Portfolio return before fees versus the Disaggregated NCREIF Core Multi-Family Sub-Index, for the fiscal year ending June 30, 2008, (returns lag one quarter).	0 basis points = 0 +50 basis points = 1.0 +75 basis points = 1.5
15%	Total Core Portfolio Performance	Excess returns in basis points of the Total Core Portfolio return before fees versus the Disaggregated NCREIF Total Performance Sub-Index, for the fiscal year ending June 30, 2008, (returns lag one quarter).	0 basis points = 0 +50 basis points = 1.0 +75 basis points = 1.5
40%	Non-Core Portfolio Performance	Total Non-Core Portfolio return before fees exceeds NCREIF Total Performance, for the fiscal year ending June 30, 2008, (returns lag one quarter, 25% weight) Total Housing portfolio performance before fees exceeds NCREIF Total Performance for the fiscal year ending June 30, 2008(returns lag one quarter, 15%).	0 basis points = 0 +100 basis points = 1.0 +150 basis points = 1.5 0 basis points = 0 +200 basis points = 1.0 +300 basis points = 1.5
10%	Total Fund Performance	Excess return in basis points relative to total fund performance benchmark (SJ1CA1-CPERST02)	-40 basis points = 0 0 basis points = 1.0 +20 basis points = 1.5
85%	Subtotal	Quantitative Measures	

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Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
15%	Leadership	<p>Demonstrate leadership within CalPERS and in the external investment community, as both industry and staff (or team) leaders. Dimensions, all of which will be considered, include:</p> <ul style="list-style-type: none"> • Within Investment Group (e.g. teamwork within and across asset classes, timely preparation of staff performance appraisals, appropriate employee recognition) • Trustees (e.g. written and oral presentations to Investment Committee and Investment Policy Subcommittee) • CalPERS (e.g. involvement in enterprise-wide initiatives and programs) • External Investment Community (e.g. relationships with external business partners and stakeholders, presentations at conferences and similar events, representation on external boards and committees) • Succession Plan (e.g., training and developing strong internal candidates to potentially fill my role in the future) 	From Schedule
15%	Subtotal	Qualitative Measures	
100%	Total	Quantitative and Qualitative Measures	